

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6079**

**BILL NUMBER:** SB 17

**NOTE PREPARED:** Feb 2, 2006

**BILL AMENDED:** Feb 1, 2006

**SUBJECT:** Income Tax Credit for Toll Road Tolls.

**FIRST AUTHOR:** Sen. Zakas

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) The bill provides an Income Tax credit to individuals who pay tolls to drive on the Indiana Toll Road for a non-business purpose. It provides that the amount of the tax credit may not exceed the lesser of \$300 or one-half of the amount of tolls paid by an individual during the taxable year. It also provides that the tax credit may not exceed an individual's Adjusted Gross Income Tax liability.

**Effective Date:** January 1, 2007.

**Explanation of State Expenditures:** The DOR will incur additional expenses to revise tax forms, instructions, and computer programs to reflect the new tax credit for tolls paid by an individual on the Indiana Toll Road. The Department's current level of resources should be sufficient to implement this change.

**Explanation of State Revenues:** (Revised) *Summary:* The bill could reduce AGI Tax liabilities of individual taxpayers who pay tolls to drive on the Indiana Toll Road for a non-business purpose. Assuming there are 10,000 to 15,000 Indiana residents utilizing the Toll Road on a daily basis, the revenue loss could range from \$3.0 M to \$4.5 M annually beginning in FY 2008. The actual fiscal impact could potentially be less to the extent that passenger vehicle users are driving on the Toll Road for a business purpose. In contrast, the fiscal impact could be higher than estimated depending on: (1) the extent that irregular or casual users of the Toll Road who are Indiana residents claim the credit for tolls paid; (2) the number of commuters from Illinois working in Indiana who use the Toll Road and claim the credit; and (3) future toll increases.

*Background:* The bill establishes a nonrefundable AGI Tax credit for individual taxpayers for tolls paid to drive on the Indiana Toll Road for non-business purposes. The credit is equal to the lesser of: (1) one-half of the

amount of tolls paid by the individual during the taxable year; or (2) \$300. The tax credit is nonrefundable, and taxpayers are not entitled to carryback or carry forward unused tax credits.

The revenue loss estimate is based on INDOT estimates of average daily traffic volume on the Toll Road and of toll road revenue attributable to Indiana residents. INDOT's 2002 traffic volume report suggests that the average daily volume on the Toll Road is about 24,000 from Portage to the Eastpoint Barrier, and about 37,000 from Gary to the Westpoint Barrier. It is estimated that 8,000 Indiana residents could be using the Portage-Eastpoint Barrier span daily, and 12,000 Indiana residents could be using the Gary-Westpoint Barrier span daily. The estimated revenue loss is based new toll schedules under the "Major Moves" Program and assumes that 50% to 75% of the estimated daily volume attributable to Indiana residents is from daily users of the Toll Road.

Since the bill is effective beginning in tax year 2007, the fiscal impact would begin FY 2008. The revenue from the individual AGI Tax is deposited in the state General Fund (86%) and the Property Tax Replacement Fund (14%).

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:**

**Information Sources:** STATS Indiana, *Annual Commuting Trends Profile Based on Indiana IT-40 Returns for Tax Year 2003*, <http://www.stats.indiana.edu/commtframe.html>; Indiana Department of Transportation, *2002 Interstate Annual Average Daily Traffic Volumes*; Thomas Sharp, Commissioner, Indiana Department of Transportation.

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